

1999

Attitude toward an acquisition and organizational commitment, and intention to quit

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DOI: <https://doi.org/10.31979/etd.q934-wxc7>
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**ATTITUDE TOWARD AN ACQUISITION AND ORGANIZATIONAL
COMMITMENT, AND INTENTION TO QUIT**

A Thesis

Presented to

The Faculty of the Department of Psychology

San Jose State University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

by

Divgeet Singh

December 1999

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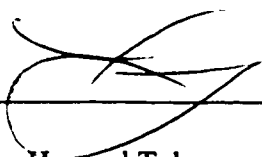
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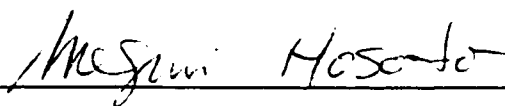
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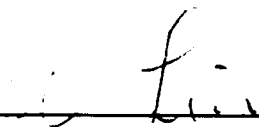
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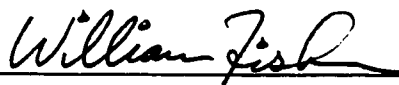
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ABSTRACT

ATTITUDE TOWARD AN ACQUISITION AND ORGANIZATIONAL COMMITMENT, AND INTENTION TO QUIT

by Divgeet Singh

The purpose of this study was to examine the relationship among employees' attitude toward an acquisition and organizational commitment, and intention to quit. In order to assess employees' attitude toward a recent acquisition, a scale was developed and its psychometric properties were also tested. The 17-item scale demonstrated high split-half reliability and internal consistency in a sample of 30 employees of an acquired division of a company. Principal component analysis suggested five interpretable factors. Canonical correlation between attitude toward acquisition dimensions and organizational commitment dimensions showed that high scores on Overall Attitude Toward Acquisition, Communication-Company, Communication-Employee Issues, and Impact-Work dimensions were positively related to affective organizational commitment. Standard multiple regression analysis for the attitude toward acquisition dimensions and intention to quit resulted in a non-significant relationship. Moderating effects of demographic variables, such as gender, are also reported. Finally, recommendations for the management of mergers and acquisitions were made.

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Attitude toward an Acquisition and Organizational Commitment, and Intention to Quit

Industry consolidations, globalization of competition, technological developments, and other trends have sparked off an unprecedented wave of mergers and acquisitions (M&As) that show no signs of abating (Ashkenas, DeMonaco, & Francis, 1998). In fact, the year 1998 has been called “The Year of Mega-Mergers” by Fortune magazine (Colvin, 1998). And is it any wonder? By dollar volume, 1998 was easily the biggest deal year ever; consider the fact that last year’s largest seven mergers were the seven largest of all time (Colvin, 1998). The list of 1998 mergers includes such big names as Exxon and Mobil, Travelers Group and Citicorp, British Petroleum and Amoco, and Daimler-Benz and Chrysler.

Even though, the word mergers and acquisitions are often used interchangeably in popular literature, most practitioners argue that “true” mergers do not exist and most are really acquisitions. On the other hand, researchers and academics have drawn a distinction between M&As. According to Greenwood, Hinings, and Brown (1994), a merger involves a blending or fusing of two firms whereas an acquisition may be a mere legal enjoinder or absorption of one firm into another. The focus of the present study is on acquisitions. More specifically, this study attempts to examine the relationship among acquired employees’ attitude toward an acquisition and organizational commitment, and intention to quit.

Success and Failures of Mergers and Acquisitions

The success or failure of M&As is usually measured in terms of profitability or “impact on the bottomline” of the combined entity. According to Cartwright and Cooper

(1993a), M&As have historically been conceptualized exclusively as an association of financial and strategic convenience that will lead to rapid and substantially increased profitability. Cartwright and Cooper (1993a) also note that, at best, barely half of all M&As meet initial financial expectations.

Other researchers (Marks, 1988; Swaim, 1985; Blake & Mouton, 1984) have estimated the success rate to be even lower, approximately 20%. Still other researchers (Hovers, 1971) have noted that irrespective of the criteria selected (e.g., managerial assessments or share price), empirical studies have repeatedly demonstrated that M&As have an unfavorable impact on profitability.

The primary reason for M&As is to achieve synergy by integrating two business units in a combination that will increase competitive advantage (Porter, 1985). Achieving merger synergy is also commonly described as the “2+2=5” effect (Hovers, 1971). Unfortunately, many M&As that appear to be both financially and strategically sound on paper often turn out to be disappointing for many companies (Ashkenas et al., 1998). Two primary reasons are cited for the failure of M&As. These include companies’ failure to consider employee issues or the “human element” during M&As (Weber, 1996; Astrachan, 1995; Hunt, 1987; Hamilton, 1986; Blake & Mouton, 1983; Sinetar, 1981) and the differences in the cultures of two organizations (Ashkenas et al., 1998; Chatterjee, Lubatkin, Schweiger, & Weber, 1992; Cartwright & Cooper, 1993b; Altendorf, 1986; Shrivastava, 1986; Porter, 1985; Marks, 1982).

Most corporate leaders possess highly developed skills in managing legal and financial aspects of M&As. Yet, the success of M&As appears to hinge on having a solid

“people plan” rather than on products, services, and marketing strategies (Krupar & Krupar, 1988; Hamilton, 1986; Hunter, 1986; Sinetar, 1981). In focusing exclusively on “hard” or financial issues, financial analysts often forget or overlook the role of people in merger success (Hunt, 1987; Levinson, 1970).

Although people are a difficult asset to quantify at the pre-acquisition stage, the depletion or underperformance of this asset after the acquisition is likely to have a noticeable impact on the organizational performance (Cartwright & Cooper, 1993a). Davy, Kinicki, Kilroy, and Scheck (1988) blamed “employee problems” as being responsible for between one-third to one-half of all merger failures. Underestimation of the difficulties of merging two cultures, the departure of key employees, and demotivation among employees are among the most frequently cited people problems by merger managers (British Institute of Management, 1986). Consequently, M&As have come to be associated more with lowered morale, job dissatisfaction, unproductive behaviors, acts of sabotage and petty thefts, increased labor turnover and absenteeism rates, and worsening strike and accident rates rather than with increased profitability (Altendorf, 1986; Sinetar, 1981; Meeks, 1977).

In summary, it may be concluded that appropriate management of “people issues” may be the key to determining the success of a merger or an acquisition.

Motivational Dynamics Influencing the Employees of the Merging Companies

Blake and Mouton’s (1983) analysis of the motivational dynamics that influence the employees undergoing the merger or acquisition process can be used to explain the unproductive attitudes and behaviors that have come to be associated with M&As.

According to Blake and Mouton (1983), employees of the acquired organization are faced with a new owner and new reporting relationships, and are likely to feel a number of different tensions and emotions. For example, acquired employees are likely to experience violation of expectations. Having been employed in an organization in which their memberships were secure, they now find themselves being “sold” as a commodity. They may also have a fear of the unknown. Much of the tension during M&As is related to an unknowable, uncertain, and unpredictable future and fear of what it may contain. The pain of such uncertainty can be captured in an employee’s description of a merger; the employee compared it with looking into a darkened tunnel and wondering if the light at the other end was a promising future or an oncoming train (Blake & Mouton, 1983). Furthermore, the acquired employees may experience loss of autonomy. The top management of acquired organizations may not have had higher organization structures above them. However, as a result of the acquisition, they might have a higher level group over them and this perceived loss of autonomy might be very traumatic. In addition, acquired employees may harbor previous antagonism toward the acquiring company. Sometimes the acquired organization has competed directly with the acquiring organization in the past. In such cases, members of the acquired organization may come into the acquisition with preexisting hostility toward their new “owners.” Finally, acquired employees may have fear of streamlining and layoffs. In the organization being acquired, there is likely to be an awareness of the possibility of streamlining once the acquisition is underway. This arouses concerns among acquired employees about their continued employment.

The motivations of the acquiring employees are likely to be significantly different from the motivations described above (Blake & Mouton, 1983). Employees of the acquiring organization often feel a pride of ownership. This kind of pride is communicated quickly, though unwittingly, to the members of the acquired organization and contributes to their antagonism. In addition, the acquiring organization often operates under the assumption that it understands the acquired organization better than it does. Members of the acquiring organization communicate their ignorance to the acquired employees in a number of ways. For example, in case of two software companies, members of the acquiring company may demonstrate incomplete product knowledge of the acquired company. Such displays of ignorance might further reduce an opportunity for collaboration between acquired and acquiring members. Furthermore, members of the acquiring organization may expect spontaneous cooperation from the acquired employees. When this cooperation is not forthcoming, feelings of antagonism on the part of the acquiring employees may be further exacerbated.

In summary, given the vastly different and often conflicting motivations in the merging organizations, the overwhelming feeling among the members of acquired group is often that of negativity and uncertainty. More often than not, information regarding aspects mentioned above (e.g., future of the acquired employees, security of their jobs, and level of autonomy they will be allowed) is not readily available to the acquired employees and this lack of information may further compound the anxieties of the acquired employees. Thus, one of the aspects that the present study focuses on is to assess

the importance of communication provided to the acquired employees during the acquisition process and their overall attitude toward the acquisition.

Impact of Mergers and Acquisitions on Employees

According to Sinetar (1981), employees view acquisitions as a major life change, and like all major changes, merger announcements bring them trauma. This experience often impacts employees' behaviors and, may lead to unproductive behaviors such as acts of sabotage, increased labor turnover and absenteeism rates, and worsening strike and accident rates (Altendorf, 1986; Sinetar, 1981; Meeks, 1977). Additionally, M&As may also lead to counterproductive group actions such as gossip, worried speculation and rumors, backbiting, and political positioning for job security purposes (Sinetar, 1981).

In addition to increases in disruptive behaviors, M&As may impact employee health and well being negatively (Cartwright & Cooper, 1993a). Sinetar (1981) interviewed over 100 employees in a prominent Fortune 500 company that suddenly announced its merger plans. These workers initially reported experiencing feelings of shock, disbelief, and grief that were quickly followed by resentment, anger, a sense of powerlessness, and depression. Moreover, it is postulated that M&As might increase intraorganizational cohesiveness which heightens resistance to change among acquired employees (Altendorf, 1986), and generates anxiety and employee stress (Schweiger, Ivancevich, & Power, 1987).

Cartwright and Cooper (1993a) studied the psychological impact of a merger among 157 middle managers approximately 6 months after the merger of two building companies in United Kingdom. They assessed the degree of cultural compatibility

between the merger partners and the extent to which the organizational commitment, job satisfaction, and physical and mental health of the employees of the merging companies had been affected by the event. Even though no evidence was found to suggest that the merger had adversely affected overall levels of job satisfaction or organizational commitment, post-merger measures of mental health suggested that the merger was a stressful life event, even when there was a high degree of cultural compatibility between the two organizations.

In contrast, Weber, Lubatkin, and Schweiger (1994) collecting data from 36 firms, found that corporate cultural differences in M&As were negatively associated with organizational commitment of the acquired top managers, and that this commitment explained subsequent turnover, for years after the merger.

The studies mentioned above highlight the importance of the potential influence of M&As on job satisfaction and organizational commitment, and of the need to study such relationships. In summary, much of the literature on M&As has focused on the impact of the merger or acquisition on merging or acquired employees' behaviors, attitudes, and their emotional and mental well being. However, surprisingly little attention has been given to the impact of employees' attitude toward different aspects of the acquisition on psychological constructs such as job satisfaction and organizational commitment.

Organizational commitment has been one of the most researched topics for decades. In spite of the extensive research in this area, this construct is probably more relevant today than it has ever been. According to Weinstein (1998), nowadays, an

increasing number of employees tend to view their employment as a short term contract and consider job hopping a way of increasing their marketability. Combining this mind shift with the complex and often negative emotions experienced by acquired employees during an acquisition explains why organizational commitment is an important construct to study, especially in today's age of M&As. The next section explores this construct in greater detail.

Organizational Commitment

Sustained interest in organizational commitment involves its hypothesized relationship with important organizational outcomes. For instance, high levels of organizational commitment are believed to be associated with low turnover, limited tardiness, low absenteeism, and enhanced job performance (Mowday, Steers, & Porter, 1979). According to Mathieu and Zajac (1990), committed employees not only exhibit reduced withdrawal behaviors, but also engage in extra-role behaviors (e.g., innovation and creativity) that keep organizations competitive. Additional benefits of organizational commitment have been suggested by O'Reilly and Chatman (1986) who found a positive relationship between the organizational commitment- organizational citizenship behaviors (OCB). Related to extra-role behaviors, OCB has been defined as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization" (Organ, 1988, p. 4). Finally, pointing to the benefits of this construct for the individual, Kobasa (1982), and Begley and Czajka (1993) have posited that organizational commitment protects individuals from the negative effects of stress because it enables

them to attach direction and meaning to their work. In summary, organizational commitment has at least an intuitive appeal as a key to the attainment of a low-turnover, high-performance workforce (Angle & Lawson, 1994).

Conceptualization of Organizational Commitment

Even though the topic of organizational commitment has been extensively researched, there is little agreement on the conceptualization of this construct. Morrow (1983) identified over 25 different organizational commitment conceptualizations and measurements used by researchers. The general trends in the literature have been toward viewing organizational commitment from primarily two perspectives: behavioral and attitudinal (Akhtar & Tan, 1994). The behavioral perspective has its source in Becker's (1960) Side-Bet Theory of Commitment. According to this theory, employees make certain investments or side-bets in their organization, (e.g., tenure toward pensions, promotions, and work relationships) and these investments become sunk costs that reduce the attractiveness of employment opportunities elsewhere.

The attitudinal approach to organizational commitment draws on the contributions of several researchers. For instance, Kanter (1968) considered commitment as "the willingness of social actors to give energy and loyalty to the organization" (p. 499) and as "the attachment of an individual's fund of affectivity to the group" (p. 507). Etzioni (1961) proposed the concept of moral commitment based on an individual's internalization of norms and identification with the authority. In a similar vein, Mowday, et al. (1979) defined organizational commitment as "the relative strength of an individual's identification with and involvement in an organization" (p. 224). They

characterized organizational commitment by three factors: (1) a strong belief in and acceptance of the organization's goals and values, (2) a willingness to exert considerable effort on behalf of the organization, and (3) a strong desire to maintain membership in the organization.

More recently, Meyer and Allen (1991) have attempted to integrate the behavioral and attitudinal perspectives on organizational commitment. They proposed a three-component conceptualization: affective commitment, continuance commitment, and normative commitment. Affective commitment refers to the employee's emotional attachment to, identification with, and involvement in the organization. This conceptualization is thus, very similar to that proposed by Mowday et al. (1979).

Continuance commitment has its roots in Becker's (1960) Side-Bet Theory and is based on costs that an employee associates with leaving an organization. Thus, according to this conceptualization, employees with high continuance commitment engage in certain behaviors, not because it is the right thing to do it, but because they believe that they will derive some reward or minimize some cost from doing so.

Normative commitment reflects an employee's feelings of obligation toward the organization. Individuals committed to the organization on a normative basis behave in accordance with organizational goals because "they believe it is the 'right' and moral thing to do" (Wiener, 1982, p. 421). Those employees who have been led to believe, via various organizational practices, socialization efforts, or their own personal history, that the organization deserves their loyalty will be likely to have a strong normative commitment (Meyer & Allen, 1987).

Thus, according to Meyer and Allen (1987), employees who are affectively committed engage in certain activities because they want to; employees who reflect continuance commitment engage in those behaviors because they need to in order to avoid certain costs or gain certain rewards; and, employees who are normatively committed engage in certain behaviors because they believe they ought to. They also suggest that an employee can experience all three dimensions of organizational commitment to varying degrees, and that researchers could better understand an employee's relationship with an organization by analyzing all three components simultaneously. For the present study, the researcher chose the model proposed by Meyer and Allen (1991) because it seemed to be most comprehensive.

Antecedents of Organizational Commitment

Meyer and Allen (1997) suggested that the antecedents for the three types of organizational commitment are different. According to Meyer and Allen (1997) antecedents for affective commitment can be categorized the following categories: organizational characteristics (e.g., decentralization and the way organization level policies are designed and communicated), work experiences (e.g., job challenge, degree of autonomy, and leader behavior), and personal characteristics such as demographic variables (e.g., gender, age, and tenure) and dispositional characteristics (e.g., personality and values). Personal characteristics will be given attention here as the researcher is interested in studying how some of these characteristics (e.g., gender) may influence employees' organizational commitment and intention to quit in the post-acquisition environment.

Personal characteristics. Several personal characteristics have received attention in commitment studies. Although some studies have reported gender differences in affective commitment, results of meta-analysis have shown that gender and affective organizational commitment are unrelated (Aven, Parker, & McEvoy, 1993; Mathieu & Zajac, 1990). Meta-analytic evidence also suggests that age and affective commitment are significantly, albeit weakly related (Mathieu & Zajac, 1990). Positive relations have also been reported between organizational tenure and affective commitment (Cohen, 1993; Mathieu & Zajac, 1990). However, neither marital status nor education level were found to be related to affective commitment.

The development of continuance commitment has received less research attention than the development of affective commitment. Available research evidence is consistent, however, with the idea that continuance commitment develops as a function of various investments that an employee makes and the employment alternatives that he or she believes exist.

The limited evidence available regarding the development of normative commitment suggests that normative commitment develops on the basis of early socialization processes.

To summarize, much of the research on organizational commitment has dealt with the definition of the construct, determining its antecedents and outcomes, and identifying ways to increase it. However, with regard to antecedents, relatively little attention has been focused on the impact of events such as M&As on organizational commitment.

Exceptions to this are the studies by Cartwright and Cooper (1993a) and Weber, et al. (1994).

Given the paucity of empirical evidence on the impact of M&As on an individual's organizational commitment, there is a need for systematic investigation on this topic. In the absence of research on line employees, there is also a need to examine data from line employees or individual contributors rather than only from managers of the merging or acquired companies.

As mentioned earlier, nowadays, an increasing number of employees tend to view their employment as a short term contract and consider job hopping a way of increasing their marketability (Weinstein, 1998). Given that one of the biggest challenges that organizations are facing today is retention of employees, reduction of turnover is an important issue to be studied. From an organizational perspective, this issue becomes even more important in the context of "turnover susceptible" situations such as during M&As. Though it is generally known that one of the valued outcomes of organizational commitment is low turnover (Mowday et al., 1979), attention will now be turned to yet another antecedent of turnover, that is, intention to quit.

Intention to Quit

It is a well known fact that high turnover rates result in significant costs to the organization due to reduced productivity, lost sales, unstable corporate image, and tarnished reputation (Harvey, 1985). Because of the high costs associated with it, turnover has been the focus of much research, and attention has been given to job satisfaction and organizational commitment as its antecedents. Several studies have provided evidence for

the negative relationship between job satisfaction and turnover (Sagie, 1998; Naumann, 1993), and between organizational commitment and turnover (Sagie, 1998; Mowday, Steers, & Porter, 1982).

Even though there is an overwhelming amount of research supporting job satisfaction and organizational commitment as antecedents of turnover, to date, the strongest and most direct precursor of turnover has been found to be the intention to quit (Tett & Meyer, 1993; Steel & Ovalle, 1984; Ferris & Aranya, 1983; Mowday et al. 1979). In fact, in some studies, the correlation between the intention to quit and ultimate turnover has been as high as .71 (Hom & Hulin, 1981). Because intention to quit is a psychological construct that can be easily measured and can be used to predict actual turnover, it is important to assess this construct in “turnover susceptible” situations such as during M&As. Its assessment may provide indications of potential turnover rate and may guide the management in instituting corrective actions or employee retention plans.

In spite of the obvious importance of assessing this construct during M&As, surprisingly little attention has been given to this topic. While it is generally known that the rate of turnover increases during M&As as employees leave for the relative stability and security of other companies, so far, no systematic research has been published to the researcher’s knowledge that assesses employees’ intention to quit in the post-merger environment.

Present Study

As summarized above, few studies exist that have studied employees’ organizational commitment and intention to quit in the post-merger or acquisition

environment. It was the researcher's expectation that both these constructs would be influenced in the post-acquisition environment by moderating variables such as the cultural differences between the two companies (Weber, et al., 1994), employees' perceptions of how the acquisition was managed and their attitude toward different aspects of the acquisition.

In the present study, attention was given to assessing the relationship between employees' attitude toward different aspects of the acquisition and organizational commitment, and intention to quit. Two research questions were asked in this study: (1) Is there a relationship between acquired employees' attitude toward different aspects of the acquisition and organizational commitment, and intention to quit? and (2) If so, what is the nature of this relationship? More specifically, three hypotheses were formulated.

Hypothesis 1: With regard to organizational commitment, attitudes toward acquisition will be positively related to affective commitment, possibly unrelated to continuance commitment, and positively related to normative commitment.

To elaborate, a positive attitude toward acquisition will be associated with higher levels of affective commitment. However, attitude toward acquisition will be unrelated to continuance commitments because continuance commitment is based purely on sunk costs and as long as the acquisition does not bring about a change in these sunk costs, continuance commitment will probably not be affected. Finally, attitude toward acquisition will be positively related to normative commitment. As normative

commitment is based on “feelings of obligation”, positive attitude toward the acquisition may help “extend this feeling” to the “new” organization.

Hypothesis 2: Attitude toward acquisition will be negatively related to intention to quit; that is, favorable attitude toward different aspects of the acquisition will be negatively related to employee’s intention to quit.

Hypothesis 3: With regard to gender, it is hypothesized that there will be no difference in the relationship between attitude toward acquisition and affective commitment for men and women.

As no existing scale could be found that directly assessed acquired employees’ attitude toward acquisition, a scale was developed for this purpose. The psychometric properties of this scale were also tested in the present study.

Method

Participants

The present study examined a software division of a phone company that had been acquired by a relatively small Silicon Valley based software company three months prior to data collection. Telecommunication Software Division or TSD (assumed name) was a part of BELL Government Systems (assumed name) until late fall of 1997. At that time TSD had approximately 120 employees. Around that time, a decision was made to move TSD to BELL Data Systems. This move was to be completed by December 1997, however, the move was delayed till March 1998. By March 1998, the financial situation

at BELL Data Systems had changed drastically and they announced that they could no longer take TSD.

During these periods (late 1997 and early 1998), TSD was losing money and the TSD employees were sure that TSD would be shut down. Employee morale was very low and turnover rate was very high; the number of employees decreased from 120 to 90. In April 1998, BELL decided that shutting this unit might not be the best solution and perhaps a turn around could be made. Several specific changes were made, for example, specific objectives were established and performance bonuses were instituted for all employees. The purpose of these changes was to improve morale, increase retention rate, lower attrition, and improve profits. By the end of 1998, situation improved and TSD broke even and even reported a small profit.

However, by this time, BELL Government Systems had made a decision to sell TSD because they felt that TSD did not fit in with their strategic direction. At this point, the then Vice President of TSD remarked in a meeting to the TSD employees, "We have no home." There were several pursuers for TSD, but Silicon Valley Software Corporation, SVSC (assumed name) eventually acquired TSD in December 1998.

Founded in 1983, SVSC provides telecommunication software management solutions. It is a relatively small company with approximately 250 employees and annual revenues of about \$50 million. The culture of this company is very typical of the silicon valley; employees describe it as being very open, flexible, dynamic, and fast-paced. This description is very different from the culture of TSD as described by its employees. TSD

was described as being relatively slow moving (as it was a “part of a huge phone company”), hierarchical, and well structured.

The acquisition announcement was made in the first week of December 1998. TSD employees were informed of the acquisition at a meeting held by a group of 20 SVSC executives. Layoffs were announced the same day and of the 70 TSD employees, job offers were made to 55 employees. Layoff decisions were made on the basis of several criteria: duplication and elimination of entire functions and time remaining before retirement.

Data Collection

Data was collected on site (in Washington) from 30 of the 45 employees of the acquired division. Of these, 62% were men. The mean age of the sample was 42 years and ranged from 27 to 55. Thirteen percent were managers and 86% were line employees (see Table 1). On average, the employees had been with the acquired organization for 3.5 years and they had completed 15 years of education.

Instruments

Scale development. Because no existing scales could be found that directly assessed participants’ attitude toward different aspects of the acquisition, a scale was developed. Initial interviews were conducted with a sample of the employees (N=6) from the acquired group to identify relevant issues. These employees were asked about how they were informed about the acquisition, their general feelings regarding the acquisition, how layoffs were announced and handled, any particular concerns they had regarding the

acquisition, and their views about the acquiring company. Items were then developed that were intended to tap these issues.

The initial interviews revealed that the following dimensions were relevant and needed to be assessed: (1) acquired employees' overall attitude toward the acquisition (i.e., on the whole, did they view it as a worthwhile step or not), (2) attitude toward communication provided to employees regarding different aspects of the acquisition (i.e., information regarding the merging companies and information regarding issues that directly impacted the employees as individuals), and (3) their attitude toward the impact of the acquisition on their work and morale.

The items for the scale were developed based on information collected from initial interviews and an existing scale (Buono, Bowditch, & Lewis, 1985). A large number of items were generated for these three dimensions, and were examined by faculty advisors and acquiring company executives who were closely involved with the present study. Items that seemed ambiguous, poorly worded, or irrelevant were either re-worded or discarded. An effort was made to ensure that both positively and negatively worded items were included in the final version of the scale.

The final version of the survey contained three scales (17 items) presented in a 5-point Likert scale format. The first scale (3 items) measured employees' overall attitude toward the acquisition; the second scale (10 items divided into two subscales of five items each) measured employees' attitude toward communication provided to them regarding different aspects of the acquisition. The third scale (4 items divided into two subscales of two items each) measured employees' attitude toward the impact of the

acquisition. As mentioned above, two subscales comprised the Attitude Toward Communication scale; the first subscale called the Communication-Company subscale measured employees' attitude toward communication provided regarding the merging companies (i.e., information provided regarding the acquiring company as well as the future role of the acquired company in the merged entity). The second subscale called the Communication-Employee Issues subscale assessed employees' attitude toward communication provided to them on issues that directly impacted them at an individual level. The Impact of Acquisition scale was also divided into two subscales containing 2 items each, one measured the impact of the acquisition on the employees' work (called Impact-Work subscale) and the other measured the impact of the acquisition on their morale (called the Impact-Morale subscale).

A sample item for the scale assessing employees' overall attitude toward the acquisition is "All things considered, this acquisition should not have taken place". Sample items for the Communication-Company subscale are "SVSC has articulated its vision to TSD employees" and "SVSC has informed TSD employees about how TSD fits into its strategic plan." Sample items for Communication-Employee Issues subscale include "SVSC has provided adequate information regarding career enhancement opportunities" and "Employees have been informed in advance about upcoming changes that might affect them." Sample items for the subscales measuring the impact of the acquisition on the employees' work and morale are "The acquisition has increased my work load" and "The acquisition has adversely affected the morale of the employees," respectively.

As mentioned earlier, Likert style response format consisting of five categories ranging from strongly disagree to strongly agree was used. A 5-point scale was used instead of a 7 or a 9-point scale, primarily because of the nature of the construct being measured. It was assumed (and determined during initial interviews with a sample of the employees) that the acquired employees would have very strong feelings about the acquisition, and providing more anchors that allow differentiation between finer shades of attitude toward the acquisition would be unnecessary. A middle category was included because it was presumed that some of the employees who had joined very recently might not be in a good position to answer some of the items.

Organizational Commitment. To assess participants' organizational commitment, the 24-item scale developed by Meyer and Allen (1987) was used. This scale consists of three subscales for measuring an individual's affective, continuance, and normative commitment to the organization. Each subscale consists of 8 items presented in a 5-point Likert scale format. At the request of the executives of the acquiring company, one item (I would be happy to spend the rest of my career with this organization) was removed from the affective commitment subscale. Thus, the final scale contained 23 items.

The normative scale includes such statements as "I do not feel that a person must always be loyal to his or her organization," and "Jumping from organization to organization does not seem at all unethical to me." The affective scale includes such statements as "I do not feel like 'part of the family' at my organization," and "I do not feel 'emotionally attached' to this organization." The continuance scale includes such

statements as “It wouldn’t be too costly for me to leave my organization,” and “I feel I have too few options to consider leaving this organization.”

Intention to Quit. Participants’ intention to quit was assessed by adapting items from Jaros’ (1997) Intention To Quit scale with minimum changes in wording. The scale items are “I have never thought of quitting SVSC,” “ I am likely to search for a position with another employer,” and “I have no intentions of quitting SVSC in the next year.” The participants were asked to respond to these items on a 5-point scale ranging from (1) strongly disagree to (5) strongly agree.

Demographic and background items. Participants were asked to provide demographic information in terms of age, gender, marital status, highest education level completed, job title and level, tenure in the particular position, and tenure with the original (acquired) organization.

Procedure

The majority of the data was collected on-site by the researcher. When the participants arrived for the survey, they were instructed about the general nature of the study, and were also assured about anonymity and confidentiality. After the participants’ questions were clarified, they completed two questionnaires - one measuring their attitude toward different aspects of the acquisition and the other measuring their organizational commitment and intention to quit. The subjects also filled out the questionnaire that asked their background information.

An effort was made to collect data on-site from all of the 45 employees of the acquired company. However, for those who could not come for the on-site survey

administrations, a packet containing a blank survey and a self-addressed and stamped envelope was provided. Reminders were sent about a week after the on-site administration asking them to return the completed surveys by a certain date. Completed surveys were received from 30 participants, resulting in a return rate 66.6%.

Results

Descriptive Statistics

The means and the standard deviations of the scales are shown in Table 2. An examination of the table shows that the standard deviations for all the scales were relatively small (most of them are below 1.00). This indicates that, in general, there was less variability (or greater consistency) in the participant's responses.

The means for the total scores on the entire Attitude Toward Acquisition scale and the Organizational Commitment scale were 2.86 and 2.47, respectively. Since the mean can range from 1 to 5 with 3 being the middle category, these scores may be considered a little below average. This may be interpreted as suggesting that neither was the acquired employees' attitude toward the acquisition very positive nor were they highly committed to SVSC. The mean score on the Intention to Quit scale was relatively high (3.71). As the mean scores on this scale could also range from 1 (No intention to quit) to 5 (Definite intentions to quit), the mean score suggested that a high proportion of acquired employees were considering leaving SVSC. In particular, 56.7% of the respondents either agreed or strongly agreed with the statement "I am likely to search for a position with another employer."

The means and standard deviations for the individual items making up each of the scales are presented in Tables 3 through 11. Table 3 demonstrates the results for the Overall Attitude Toward Acquisition scale. The table shows that the means for the individual items for this scale ranged from 3.2 (Overall, this acquisition has done more harm than good) to 3.8 (Overall, I am in favor of this acquisition). The overall mean for this subscale is 3.56. This is a relatively above average score indicating that in general, respondents viewed the acquisition favorably and considered it a “good marriage between the two companies.”

Table 4 shows the results for the items comprising the Communication-Company subscale. The means of the individual items making up this subscale ranged from 2.80 (SVSC has informed TSD employees about the future of TSD’s product) to 3.76 (SVSC has explained how TSD contributes to achieving SVSC’s goals). The overall mean for this subscale was above average (3.37), indicating that the acquired employees generally believed that SVSC did a fairly good job of providing information at the company level, that is, explaining how their division fit into SVSC strategic plan and providing information about SVSC itself.

Table 5 shows the results for the items comprising the Communication-Employee Issues subscale. The means of the individual items making up this subscale ranged from 1.93 (SVSC has provided adequate information regarding career enhancement opportunities) to 2.66 (Employee concerns regarding the acquisition have been addressed appropriately in meetings). The overall mean for this subscale was low (2.25), indicating

that the acquired employees did not believe that SVSC did a good job of communicating with them and involving them in issues that directly impacted them.

It should be noted that when the researcher conducted initial diagnostic interviews with some of the acquired employees (a month-and-a-half before the survey administration), two issues emerged as being important to them: lack of communication from the management regarding how the acquired division fits into SVSC's strategic plan and lack of information regarding SVSC company itself . However, the researcher prepared a summary of the identified concerns and presented them to SVSC's top management. It appears that the management might have proceeded to take corrective action on some of these concerns as is reflected in the above average scores reported above. During the survey administration, some of the employees who had participated in the initial interviews also told the researcher that “ Things have improved in the last month or so; information is more readily available now.”

The means of the items making up the Impact-Work and Impact-Morale subscales are shown in Table 6 and Table 7 respectively. The mean of the Impact-Work subscale was average (2.92) and the mean for the Impact-Morale was low (2.05). This suggested that poor morale was an issue that needed to be addressed at TSD.

Table 8 presents the means and standard deviations for the items making up the Affective Commitment scale. The means for the items ranged from 1.9 (SVSC has a great deal of personal meaning for me) to 3.10 (I feel as if SVSC's problems are my own). The overall mean score for this scale was below average (2.43), indicating that in general, the

acquired employees did not identify with, feel emotionally attached, or involved with SVSC.

Table 9 presents the means and standard deviations for the items making up the Continuance Commitment scale. The means for the individual items ranged from 1.80 (One of the few serious consequences of leaving SVSC would be scarcity of available alternatives) to 2.86 (I am not afraid of what might happen if I quit my job without having another one lined up). The overall mean score on the Continuance Commitment scale was below average (2.23), suggesting that in general, acquired employees did not believe that they have much to gain by staying with SVSC.

The means and standard deviations for the Normative Commitment scale are shown in Table 10. The means for the items comprising this scale ranged from 1.93 (If I got another offer for a better job elsewhere I would not feel it was right to leave SVSC) to 3.30 (I think that people these days move from company to company too often). The overall mean for this scale was a little below average (2.73), indicating that few employees were with SVSC because they believed that it is the “right” or “moral” thing to do.

Finally, the means and standard deviations of the items comprising the Intention to Quit scale are shown in Table 11. The item means ranged from 3.26 (I have no intentions of quitting SVSC) to 4.20 (I have never thought of quitting SVSC). As mentioned earlier, the overall mean score on this scale was relatively high (3.71). Since the mean scores on this scale could also range from 1 (No intention to quit) to 5 (Definite intentions to quit), the mean score of 3.71 suggested that a high proportion (56.7% of the

respondents either agreed or strongly agreed with the statement “I am likely to search for a position with another employer”) of acquired employees were considering leaving SVSC.

Scale Development: Pearson Correlation Coefficients

The inter-item correlations for each of the attitude toward acquisition subscales are presented in Tables 3 through 7. Table 3 shows the correlations for Overall Attitude Toward Acquisition subscale. This subscale consisted of three items and two of them were significantly correlated with each other.

The inter-item correlations for Communication-Company subscale are shown on Table 4. This subscale consisted of five items; the correlation coefficients ranged from .28 to .67 and most of them were found to be significant. Table 5 presents the correlation matrix for the Communication-Employee Issues subscale. This subscale was also made up of four items, and once again, most of the items were significantly correlated with each other.

As shown in Table 6, the two items making up the Impact- Work subscale were significantly correlated with each other (.53). As is evident from Table 7, the two items included in the Impact-Morale subscale were also highly correlated with each other (.86).

Scale Development: Scale Reliability

Split-half reliability was calculated for the entire Attitude Toward Acquisition scale using the odd-even method and it was found to be 0.92. Coefficient alpha was also computed for the entire scale and each of the subscales to examine their internal

consistency. Cronbach's alpha was 0.80 for the entire scale and 0.52 for the subscale measuring overall attitude toward acquisition.

For Communication-Company subscale, Cronbach's alpha was found to be 0.79 and for Communication-Employee Issues subscale Cronbach's alpha was 0.80. Thus, overall the entire scale and the subscales seem to be reliable.

Factor Analysis

Principal components analysis was conducted to examine the dimensional structure of the Attitude Toward Acquisition scale. Five factors with eigenvalues greater than 1.0 were retained and subjected to varimax rotation (Table 12). Varimax rotation was used because it was assumed that keeping the factors independent of each other would provide a clearer and better aligned picture of the factors that would be easier to interpret. The factor loadings of the five rotated factors are presented in Table 12. The five factors together accounted for 73.1% of the variance (Factor 1, 33.4%; Factor 2, 13.4%; Factor 3, 11.4%; Factor 4, 8.3%; Factor 5, 6.6%).

An inspection of the items that load most heavily on the first factor showed this to be concerned mainly with the communication provided to the employees regarding issues that directly affect them at an individual level and the perceived impact of the acquisition on them. The second factor was defined by items assessing the communication provided to employees regarding both the merging companies (i.e., information about the acquiring company and future of the acquired company). The third factor was defined mainly by items dealing with the impact of the acquisition on the acquired employees quality and quantity of work. Two items loaded on the fourth factor and these dealt with keeping the

acquired employees involved in and informed about important decisions. Finally, only one item loaded heavily on the fifth factor and this dealt with employees' overall attitude toward the acquisition.

A comparison of the factors developed using factor analysis with those developed a priori showed the two sets of scales to be very closely matched, thus validating the scale.

Assessing the Relationship Between Employees' Attitude Toward Different Aspects of the Acquisition and Organizational Commitment

The first hypothesis stated that attitudes toward acquisition would be positively related to affective commitment, possibly unrelated to continuance commitment, and possibly positively related to normative commitment. In order to test this hypothesis, a canonical correlation was performed. Scores on organizational commitment were entered as the dependent variable. The acquisition related dimensions accounted for 70% of the variance of organizational commitment scores, $\lambda = .30$, $F(15,61) = 2.21$, $p < .05$. Only one significant variate emerged from the analysis with a canonical correlation of .78.

The main results are shown in Table 13. The significant variate suggested that high scores on Overall Attitude Toward Acquisition, Communication-Company, Communication-Employee Issues, and Impact-Work dimensions were positively related to affective organizational commitment. This implies that employees who have a favorable overall attitude toward acquisition, view the communication provided by the acquiring company positively, and perceive the acquisition as having a positive impact on

their work, are more likely to be emotionally attached and involved with the acquiring company.

As all the subscales of the Attitude Toward Acquisition scale (except the Impact-Morale subscale) were found to be positively related to affective organizational commitment but no significant relationship was found between employees' attitude toward acquisition and their continuance and normative commitment, the first hypothesis was only partially supported.

Assessing the Relationship Between Employees' Attitude Toward Different Aspects of the Acquisition and Their Intention to Quit

The second hypothesis stated that attitude toward acquisition would be negatively related to intention to quit; that is, favorable attitude toward different aspects of the acquisition would be negatively related to employee's intention to quit. In order to test this hypothesis and to determine the overall relationship between the predictors (i.e., Overall Attitude Toward Acquisition, Communication-Company, Communication-Employee Issues, Impact-Work, and Impact-Morale dimensions) and intention to quit, a simultaneous multiple regression was conducted. The results of this analysis showed a non-significant relationship [$R=.54$, $F(5,24)=2.04$, $p=.10$; $R^2=.29$, $R^2_{adj}=.15$] between the predictors and the criterion. The correlations between the predictors and the criterion and the results of the multiple regression analysis are shown in Table 14.

Even though the analysis showed a non-significant relationship, an examination of Table 14 revealed two individually significant variables: Overall Attitude Toward Acquisition ($\beta=-.44$, $p<.05$) and Communication-Company ($\beta=-.44$, $p<.05$).

Overall attitude toward acquisition was related negatively and significantly (-.41) to intention to quit whereas Communication-Company dimension was related negatively though not significantly (-.30) to intention to quit. Thus, it is plausible that the non-significant relationship between attitude toward acquisition variables and intention to quit was because of the small sample size of 30 participants.

Relationship With Gender

The third hypothesis stated that with regard to gender, there would be no difference in the relationship between attitude toward acquisition and affective commitment for men and women. In order to test this hypothesis, hierarchical multiple regression was conducted. Interaction terms were generated as a product of each of the attitude toward acquisition dimensions and gender. In the first step, the attitude toward acquisition dimension and gender was entered to check for the main effect. In the second step, the product variable generated was entered to check for interaction effects. Of the 5 regressions computed (each acquisition-related dimension with affective commitment dimensions) none of the regressions computed were found to be significant (see Table 15).

In summary, partial support was found for the first hypothesis while no support was found for the second hypothesis. The third hypotheses however, was supported. Part of the reason for lack of support for the first and partial support for the second hypotheses may have been the small sample size.

Discussion

The purpose of the present study was two fold: (1) To develop a scale that measures employees' attitudes toward different aspects of an acquisition and test its psychometric properties and (2) to assess the relationship between employees' attitude towards acquisition and their organization commitment, and intention to quit. Three hypotheses were tested in the present study. The first hypothesis stated that attitudes toward acquisition would be positively related to affective commitment, possibly unrelated to continuance commitment, and possibly positively related to normative commitment. The second hypothesis stated that attitude toward acquisition would be negatively related to intention to quit. The third hypothesis stated that with regard to gender, there would be no difference in the relationship between attitude toward acquisition and affective commitment for men and women.

Overall, the 17-item Attitude Toward Acquisition scale demonstrated fairly high internal consistency and split-half reliability. The Cronbach's alphas for the various subscales ranged from .52 to .80. Results of factor analysis suggested five factors. The first factor dealt with communication provided to the employees regarding issues that directly affect them at an individual level and its impact on them; the second factor was defined by items assessing the communication provided to employees regarding both the merging companies. The third factor dealt with the impact of the acquisition on the acquired employees' quality and quantity of work. The fourth factor dealt with keeping the acquired employees involved in and informed about important decisions and the fifth factor was defined by employees' overall attitude toward the acquisition.

In order to test the first hypothesis and to assess the overall relationship between attitude toward acquisition dimensions and organizational commitment subscales, a canonical correlation was performed. Only one significant variate emerged from the analysis, and the results suggested that high scores on Overall Attitude Toward Acquisition, Communication-Company, Communication-Employee Issues, and Impact-Work dimensions were positively related to high scores on affective organizational commitment. The first hypothesis was thus partially supported.

In order to test the second hypothesis and to determine the overall relationship between the predictors (i.e., Overall Attitude Toward Acquisition, Communication-Company, Communication-Employee Issues, Impact-Work, and Impact-Morale) and intention to quit, a simultaneous multiple regression was conducted. The results of this analysis showed a non-significant relationship between the predictors and the criterion, providing no support for the second hypothesis. However, two individually significant variables were found: Overall Attitude Toward Acquisition and Communication-Company. Overall attitude toward acquisition was related negatively and significantly ($-.41$) to intention to quit whereas Communication-Company dimension was related negatively though not significantly ($-.30$) to intention to quit. Thus, lack of significant relationship was probably due to the small sample size of 30 participants.

In order to test the third hypothesis and to study the moderating effects of gender, hierarchical multiple regression using product terms to carry interactions was used. None of the 5 (each acquisition-related dimension with affective commitment dimension)

regressions computed were significant. Thus, the third hypothesis was supported in this study.

Recommendations: Regarding the Management of the Acquisition

The survey questionnaire included a section on recommendations to provide the management of the acquiring company with suggestions on ways to handle acquired employees' concerns. The recommendations selected most often by the employees were- (1) Formalized communication strategies are needed to help voice employee concerns and correct rumors (70% of the respondents strongly agreed with this statement), (2) Employees should be informed about upcoming changes that might affect them (approximately 63% of the respondents strongly agreed with this statement), (3) Employees' opinions should be sought on issues/decisions that affect them (approximately 57% of the respondents strongly agreed with this statement), and (4) Training programs are needed that expose SVSC and TSD employees to each others' products (approximately 53% of the respondents strongly agreed with this statement).

Also selected frequently were the following in descending order of frequency- (1) SVSC and TSD employees need to work together on projects (43% strongly agreed), (2) More information should be provided regarding the career opportunities at SVSC (33% strongly agreed), (3) Opportunities for informal interaction among SVSC and TSD employees should be provided (33% strongly agreed), and (4) Employee issues and concerns should be answered as honestly as possible (selected by 27% of the respondents).

In sum, communication seemed to underlie the recommendations selected most often by the employees. Thus, constant communication with the acquired employees during the acquisition process seems to be critical and perceived lack of it may influence their attitude toward the acquisition and possibly their organizational commitment and intention to quit.

Implications for Organizations. While people generally resist change, the literature suggests that most people will support the change effort if they can understand the need for it (Buono, et al. 1985). Thus, as mentioned above, constant communication with employees is critical.

Gutknecht and Keys (1993), and Mirvis and Marks (1992) have also reiterated the importance of keeping employees informed by including them in decision making, by formally allowing for opportunities for discussion of anticipated consequences, and by active and participatory planning for evolving roles and future relationships.

Literature on M&As also suggests that the chances of merger success can be increased by weakening ingroup/outgroup biases in a variety of ways, usually by making boundaries between groups less salient (Murrell, 1994; Marks, 1991). Acquired employees' endorsement of recommendations such as "SVSC and TSD employees need to work together on projects," "Opportunities for informal interaction among SVSC and TSD employees should be provided," "Training programs are needed that expose SVSC and TSD employees to each others' products," offers support for this contention.

Allowing employees to learn more about one another in these and other ways probably

individuates them, so that memberships in prior work groups might become less important.

Several other researchers (Greaves, 1981) have also noted that M&As are less successful when job assignments are associated with prior work group memberships. Assigning workers to jobs in ways that reduce this association makes the boundaries between groups less salient, because one important categorization scheme (job assignments) crosscuts the other (prior group membership).

Organizational Commitment: Recommendations and Organizational Implications

As high scores on Overall Attitude Toward Acquisition, Communication-Company and Communication-Employee Issues dimensions were positively related to affective organizational commitment, it may be concluded that increasing score on any one or all these dimensions is likely to increase employees' commitment to SVSC, especially their emotional attachment to, identification with, and involvement with SVSC. This may be accomplished by keeping the employees as involved and informed about the merger as possible and by instituting recommendations such as those mentioned in the previous section.

Research suggests that other managerial efforts at developing affective commitment should focus on work experiences and job characteristics such as task autonomy (refers to job independence), task significance (refers to importance of the task), task identity (refers to whether the job has an identifiable beginning and end), skill variety (refers to the extent to which the job requires the employee to draw from a number of different skills and abilities), and supervisory feedback (Dunham, Grube, & Castenada,

1994). Creating conditions that promote collegial relations and feelings of belonging in the workplace (Akhtar & Tan, 1994) may also enhance affective organizational commitment.

Limitations of the Study and Future Directions

The present study has several limitations. First, the small sample size ($N = 30$) limits the generalizability of the results. Moreover, for the present study, data was collected from a software company and majority of the employees were engineers. Thus, it would be worthwhile to conduct this study with a larger sample and a broad range of occupational groups. Availability of reliability estimates for the Attitude Toward Acquisition scale across different types of samples is also likely to expand the generalizability of the scale's reliability to a wider range of subject groups. In future studies, this scale may also be validated by correlating it with other measures that assess employees' attitude toward acquisition such as that developed by Buono et al. (1985).

Second, this research relied on cross-sectional, self-report data. Therefore, researcher's ability to make causal statements about the relationships between variables is limited. Collecting longitudinal data would be a step toward making causal inferences about relationships in this study. The exclusive use of self-reported data raises concerns about common method variance (Podsakoff & Organ, 1986). When all measures come from the same source, any deficiency in that source may contaminate all of the measures, resulting in erroneous correlations between measures. Using multiple measures for the variables would alleviate some of these concerns.

Finally, while the survey achieved a reasonable response rate (66.6%), it is acknowledged that there could be a response bias in that it is the more committed organizational members who respond to a survey of this nature. The results of the present study should thus be interpreted with caution.

Summary

Despite these limitations, this study is one of the first ones to explore the relationship between acquired employees' attitude toward acquisition their organizational commitment, and intention to quit. While some of the existing studies have focused on organizational commitment in the post-merger environment, all of them have concentrated on collecting data only from managers. In contrast, the present study focused on both the acquired managers and line employees. Also, no systematic research has been published to the author's knowledge that assesses employees' intention to quit in the post-merger environment.

Another valuable contribution of this study is the development of the Employees' Attitude Toward Acquisition scale. Considering the recent spate of M&As, the importance and usefulness of such an instrument cannot be overemphasized. Finally, the recommendations provided in this study may potentially be applied to any merger or acquisition and may serve as important guidelines for the management of a merger or acquisition.

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Table 1:

Critical Demographic Characteristics (N= 30)

<u>Demographic Characteristics</u>	<u>Value</u>
Age	Mean = 42 years SD = 8.51
Range	27-55 years
Gender	
Percentage of males	62%
Percentage of females	38%
Job level	
Percentage of managers	13.7%
Percentage of line employees	86.3%
Average number of years in acquired company	3.50
Average years of education completed	15.70

Table 2:

Means and Standard Deviations for All the Scales

Scale	Mean	SD
Attitude Toward Acquisition Scale (17 items)	2.86	.48
Overall Attitude Toward The Acquisition (3 items)	3.56	.71
Communication Regarding Different Aspects Of The Acquisition (10 items)	2.81	.64
Communication-Company subscale (5 items)	3.37	.73
Communication-Employee Issues subscale (5 items)	2.25	.71
Impact Of The Acquisition (4 items)	2.48	.62
Impact On Work (2 items)	2.92	.97
Impact On Morale (2 items)	2.05	.86
Organizational Commitment Scale (23 items)	2.47	.38
Affective Organizational Commitment subscale (7 items)	2.43	.49
Continuance Organizational Commitment subscale (8 items)	2.23	.67
Normative Organizational Commitment subscale (8 items)	2.74	.43
Intention to Quit scale (3 items)	3.71	.98
<hr/> N = 30 <hr/>		

Table 3

Correlation Matrix, Means and Standard Deviations for Items Making Up the Overall Attitude Toward Acquisition Scale

Item	Description	1	2	3	Mean	SD
1	Overall, I am in favor of this acquisition	1.00			3.80	.73
2	Overall, this acquisition has done more harm than good	.18	1.00		3.20	.99
3	All things considered, this acquisition should not have taken place	.37*	.27	1.00	3.60	1.19
	Overall Attitude Toward Acquisition scale				3.56	.71

Note. * $p < .05$. ** $p < .01$.

Table 4

Correlation Matrix, Means and Standard Deviations for Items Making Up theCommunication-Company Scale

Item	Description	1	2	3	4	5	Mean	SD
1	SVSC has informed TSD employees about how TSD fits into its strategic plans	1.00					3.56	.97
2	SVSC has explained how TSD contributes to achieving their goals	.67**	1.00				3.76	.89
3	SVSC has provided adequate information about the company itself	.44*	.55**	1.00			3.13	1.10
4	SVSC has articulated its vision to TSD employees	.32	.55**	.50**	1.00		3.56	1.04
5	SVSC has informed TSD employees about the future of TSD's product	.28	.35	.36*	.33	1.00	2.80	.92
	Communication-Company scale						3.37	.73

Note. * $p < .05$. ** $p < .01$.

Table 5

Correlation Matrix, Means and Standard Deviations for Items Making Up theCommunication-Employee Issues Scale

Item	Description	1	2	3	4	5	Mean	SD
1	SVSC has provided adequate information regarding career enhancement opportunities	1.00					1.93	.78
2	Insufficient information has been provided regarding career enhancement opportunities at SVSC	.42*	1.00				2.06	.73
3	Employee concerns regarding the acquisition have been addressed appropriately in meetings	.52**	.30	1.00			2.66	1.02
4	Employees have been informed in advance about the upcoming changes that might affect them	.48**	.22	.56**	1.00		2.40	1.07
5	TSD employees' opinions have been solicited in making decisions that affect them	.51**	.38*	.46**	.64**	1.00	2.16	1.05
Communication-Employee Issues scale							2.25	.71

Note. * $p < .05$. ** $p < .01$.

Table 6

Correlation Matrix, Means and Standard Deviations of Items Making Up the Impact-Work Scale

Item	Description	1	2	Mean	SD
1	The acquisition has increased my workload	1.00		2.36	1.21
2	The acquisition has adversely affected the quality of my work	.53**	1.00	3.46	1.00
Impact-Work scale				2.92	.97

Note. * $p < .05$. ** $p < .01$.

Table 7

Correlation Matrix, Means and Standard Deviations of Items Making Up the Impact-Morale Scale

Item	Description	1	2	Mean	SD
1	The acquisition has adversely affected the morale of the employees at TSD	1.00		2.10	.95
2	The acquisition has had a positive impact on the morale of the TSD employees	.86**	1.00	2.00	.83
Impact-Morale scale				2.05	.86

Note. * $p < .05$. ** $p < .01$.

Table 8

Means and Standard Deviations for Items Making Up the Affective Organizational Commitment Scale

Items	Mean	SD
Affective Organizational Commitment scale	2.43	.49
I enjoy discussing SVSC with people outside it	2.80	1.03
I really feel as if SVSC's problems are my own	3.10	.99
I think that I could easily become as attached to another organization as I am to SVSC	2.03	.76
I do not feel like 'part of the family' at SVSC	2.46	.86
I do not feel 'emotionally attached' to SVSC	2.20	1.03
SVSC has a great deal of personal meaning for me	1.90	.66
I do not feel a strong sense of belonging to SVSC	2.50	.73

Table 9

Means and Standard Deviations for Items Making Up the Continuance Organizational Commitment Scale

Items	Mean	SD
Continuance Organizational Commitment	2.23	.67
I am not afraid of what might happen if I quit my job without having another one lined up	2.86	1.33
It would be very hard for me to leave SVSC right now, even if I wanted to	2.00	.94
Too much in my life would be disrupted if I decided I wanted to leave SVSC now	2.13	.89
It wouldn't be too costly for me to leave SVSC now	2.60	1.16
Right now, staying with SVSC is a matter of necessity as much as desire	2.66	1.12
I feel that I have too few options to consider leaving SVSC	1.90	.75
One of the few serious consequences of leaving SVSC would be scarcity of available alternatives	1.80	.71
One of the major reasons I continue to work for SVSC is that leaving would require considerable personal sacrifices-another company may not match the overall benefits I have here	1.83	.79

Table 10

Means and Standard Deviations for Items Making Up the Normative OrganizationalCommitment Scale

Items	Mean	SD
Normative Organizational Commitment	2.74	.43
I think that people these days move from company to company too often	3.30	1.02
I do not believe that a person must always be loyal to his or her organization	2.73	1.31
Jumping from company to company does not seem at all unethical to me	2.46	.89
One of the major reasons I continue to work for SVSC is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain	2.70	.98
If I got another offer for a better job elsewhere I would not feel it was right to leave SVSC	1.93	.94
I was taught to believe in the value of remaining loyal to one company	3.20	.99
Things were better in the days when people stayed with one company for most of their careers	2.90	.95
I do not think that wanting to be a 'company man' or 'company woman' is sensible anymore	2.66	.88

Table 11

Means and Standard Deviations for Items Making Up the Intention To Quit Scale

Item	Mean	SD
Intention to Quit scale	3.71	.98
I have never thought of quitting SVSC	4.20	1.03
I am likely to search for a position with another employer	3.66	.92
I have no intentions of quitting SVSC in the next year	3.26	1.25

Table 12

Results of Factor Analysis With Varimax Rotation

Description	1	2	3	4	5
Overall, I am in favor of this acquisition.	.11	.01	.70	-.18	.44
Overall, this acquisition has done more harm than good.	.83	.08	-.05	-.15	.30
All things considered, this acquisition should not have taken place.	.06	-.10	.01	.15	.91
SVSC has informed TSD employees about how TSD fits into its strategic plan.	.11	.73	-.18	.08	-.19
SVSC has explained how TSD contributes to achieving their goals.	.04	.88	.07	.10	-.07
SVSC has provided adequate information about the company itself.	.45	.64	-.01	.12	-.06
SVSC has articulated its vision to TSD employees.	-.06	.70	.03	.05	.42
SVSC has informed TSD employees about the future of TSD's product	.11	.40	.02	.72	.28
SVSC has provided adequate information regarding career enhancement opportunities.	.63	.33	.28	.13	.11
Insufficient information has been provided regarding career enhancement opportunities at SVSC.	.57	-.04	.30	.18	-.09
Employee concerns regarding the acquisition have been addressed appropriately in meetings.	.57	.34	.38	-.11	.08

Employees have been informed in advance about upcoming changes that might affect them.	.42	.56	.16	.29	.01	
TSD employees' opinions have been solicited in making decisions that affect them.	.41	.45	.08	.66	-.04	
The acquisition has increased my workload.	-.23	.23	-.59	-.55	.00	
The acquisition has adversely affected the quality of my work.	.09	-.04	-.86	-.14	.12	
The acquisition has adversely affected the morale of the employees at TSD.	.84	.04	-.14	.26	-.20	
The acquisition has had a positive impact on the morale of the TSD employees.	.80	.15	-.19	.34	.05	
<hr/>						
N=30	Eigenvalue	5.67	2.27	1.94	1.40	1.12
	% of variance	33.4	13.4	11.4	8.3	6.6

Table 13

Results of Canonical Correlation Analysis

Dimension	Function
Organizational Commitment	
Affective Commitment	.99
Continuance Commitment	.47
Normative Commitment	.24
Attitude Toward Acquisition	
Overall Attitude Toward Acquisition	.67
Communication-Company	.67
Communication-Employee Issues	.70
Impact-Work	.57
Impact-Morale	.47
% of variance explained in covariates	25.68
% of variance explained in dependents	42.32

Table 14

Bivariate Correlations and Standard Multiple Regression Analysis of Acquisition Related Dimensions as Predictors of Intention to Quit

Predictor	r	Beta	Sig t
Overall Attitude Toward Acquisition	-.41*	-.44	.02*
Communication-Company	-.30	-.44	.05*
Communication-Employee Issues	-.10	.35	.19
Impact-Work	.12	.13	.47
Impact-Morale	-.10	-.00	.97

R= .54, F(5,24)= 2.04, p=.10; $R^2 = .29$, $R^2_{adj} = .15$

Note. * p<.05. ** p<.01.

Table 15

Testing for Interaction Effects of Gender: Results of Hierarchical RegressionAnalysis With Attitude Toward Acquisition and Affective Commitment

Variable	R	R ²	F	ΔR^2	F _{cha}	Sig F _{cha}
Overall Attitude toward Acquisition						
Step 1: Overall Attitude toward Acquisition and gender	.53	.28	5.02*			
Step 2: Overall Attitude toward Acquisition X gender				.02	.77	.38
Communication-Company						
Step 1: Communication Company and gender	.57	.33	6.39**			
Step 2: Communication-Company X gender				.02	.99	.32
Communication-Employee Issues						
Step 1: Communication-Employee Issues and gender	.51	.26	4.55*			
Step 2: Communication-Employee Issues X gender				.00	.07	.78
Impact-Work						
Step 1: Impact-Work and gender	.44	.19	3.24			
Step 2: Impact-Work X gender				.02	.59	.44

Impact-Morale

Step 1: Impact-Morale and gender	.43	.18	2.98		
Step 2: Impact-Morale X gender				.04	1.52 .22

Note. * $p < .05$. ** $p < .01$.

Appendix: Questionnaires

Listed below are a series of statements regarding different aspects of the TSD acquisition. Please read each statement and then respond to it using the instructions below. There are no right or wrong answers to the statements, so please answer them as honestly and accurately as you can. Try to answer all of the statements, but if you are unable to answer one, please leave it blank and go on to the next one. Thank you for your cooperation.

* * * * *

Using the 5-point scale below, please indicate your level of agreement or disagreement with each of the statements. Write the number indicating your level of agreement/disagreement in the space provided.

1-----	2-----	3-----	4-----	5-----
Strongly Disagree	Disagree	Neither Agree nor Agree	Agree	Strongly Agree

- _____ Overall, I am in favor of this acquisition.
- _____ SVSC has explained why it acquired TSD.
- _____ SVSC has provided adequate information about the company itself.
- _____ SVSC has provided adequate information regarding career enhancement opportunities.
- _____ The acquisition has increased my workload.
- _____ The acquisition has enhanced my future career prospects.
- _____ The acquisition has adversely affected the morale of the employees at TSD.
- _____ Overall, this acquisition has done more harm than good.
- _____ Employee concerns regarding the acquisition have been addressed appropriately in meetings.
- _____ SVSC has informed TSD employees about how TSD fits into its strategic plan.
- _____ SVSC has not provided adequate information about its policies and procedures.
- _____ The acquisition has adversely affected the quality of my work.

1-----2-----3-----4-----5
 Strongly Disagree Disagree Neither Agree Agree Strongly Agree
 Disagree nor Agree

- _____ My career prospects have remained unchanged by the acquisition.
- _____ The acquisition has had a positive impact on the morale of the TSD employees.
- _____ All things considered, this acquisition should not have taken place.
- _____ Employees have been informed in advance about upcoming changes that might affect them.
- _____ SVSC has explained how TSD contributes to achieving their goals.
- _____ SVSC has articulated its vision to TSD employees.
- _____ My career prospects have deteriorated as a result of the acquisition.
- _____ The acquisition has not had any impact on the morale of the TSD employees.
- _____ TSD employees' opinions have been solicited in making decisions that affect them.
- _____ SVSC has informed TSD employees about the future of TSD's product.
- _____ Since the acquisition, I have been concerned about the kind of work I will be assigned.
- _____ Insufficient information has been provided regarding career enhancement opportunities at SVSC.

PLEASE TURN OVER

1-----2-----3-----4-----5
 Strongly Disagree Disagree Neither Agree Agree Strongly
 Disagree nor Agree Agree Agree

Recommendations

1. _____ Formalized communication strategies are needed to help voice employee concerns and correct rumors
2. _____ Employees issues and concerns should be answered as honestly as possible in meetings/other forums
3. _____ TSD employees need to know how TSD fits into SVSC's overall plan
4. _____ TSD employees' opinions should be sought on issues/decisions that affects them.
5. _____ As far as possible, employees should be informed about upcoming changes that affect them.
6. _____ Opportunities for informal interaction among SVSC and TSD employees should be provided.
7. _____ SVSC and TSD employees need to work together on projects.
8. _____ SVSC executives should interact more with TSD employees.
9. _____ Training programs are needed that expose SVSC and TSD employees to each others' products.
10. _____ More information about SVSC as a company should be provided.
11. _____ Information should be provided about the typical tensions and stresses generated by an acquisition.
12. _____ "Stress Management Training" should be provided to the TSD employees.
13. _____ A joint steering committee is needed that guides SVSC and TSD through this acquisition.

1-----2-----3-----4-----5
 Strongly Disagree Disagree Neither Agree Agree Strongly
 Disagree nor Agree Agree Agree

14._____ More information should be provided regarding the career opportunities at SVSC.

15._____ TSD employees should be trained in skills valued at SVSC.

Please look at your ratings for the above 15 recommendations. Choose *five* recommendations, that, in your opinion should be implemented *immediately*. Write the *item number* of these recommendations in the spaces below.

Additional recommendations/suggestions:

PLEASE TURN OVER

Listed below are a series of statements asking for your opinion about the “new” organization, SVSC. Using the 5-point scale below, please indicate your level of agreement or disagreement with each of the statements. Please write the number indicating your level of agreement/ disagreement in the space provided.

1-----2-----3-----4-----5
 Strongly Disagree Disagree Neither Agree Agree Strongly Agree
 nor Agree

- _____ I enjoy discussing SVSC with people outside it.
- _____ I really feel as if SVSC's problems are my own.
- _____ I think that I could easily become as attached to another organization as I am to SVSC.
- _____ I do not feel like 'part of the family' at SVSC.
- _____ I do not feel 'emotionally attached' to SVSC.
- _____ SVSC has a great deal of personal meaning for me.
- _____ I do not feel a strong sense of belonging to SVSC.
- _____ I am not afraid of what might happen if I quit my job without having another one lined up.
- _____ It would be very hard for me to leave SVSC right now, even if I wanted to.
- _____ Too much in my life would be disrupted if I decided I wanted to leave SVSC now.
- _____ It wouldn't be too costly for me to leave SVSC now.
- _____ Right now, staying with SVSC is a matter of necessity as much as desire.
- _____ I feel that I have too few options to consider leaving SVSC.
- _____ One of the few serious consequences of leaving SVSC would be scarcity of available alternatives.

1-----2-----3-----4-----5
 Strongly Disagree Disagree Neither Agree Agree Strongly Agree
 Disagree nor Agree

_____ One of the major reasons I continue to work for SVSC is that leaving would require considerable personal sacrifice- another company may not match the overall benefits I have here.

_____ I think that people these days move from company to company too often.

_____ I do not believe that a person must always be loyal to his or her organization.

_____ Jumping from company to company does not seem at all unethical to me.

_____ One of the major reasons I continue to work for SVSC is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.

_____ If I got another offer for a better job elsewhere I would not feel it was right to leave SVSC.

_____ I was taught to believe in the value of remaining loyal to one company.

_____ Things were better in the days when people stayed with one company for most of their careers.

_____ I do not think that wanting to be a 'company man' or 'company woman' is sensible anymore.

_____ I have never thought of quitting SVSC.

_____ I am likely to search for a position with another employer.

_____ I have no intentions of quitting SVSC in the next year.

PLEASE TURN OVER

The following is a series of questions about yourself and your background. Please read each question and mark or write the appropriate response. Again, please answer each question to the best of your ability; your responses will remain anonymous and confidential.

1. What is your age? _____
2. What is your gender? _____ Male _____ Female
3. What is your current marital status? _____ Single _____ Married
4. What is the highest grade of education you have completed? _____
5. What is your current job title/grade? _____
6. How long have you been in this position/job (regardless of where employed)?

7. How long have you been with TSD? _____
8. What is your current employment status?
_____ Full-time employee of SVSC _____ Contractor

THANK YOU FOR YOUR TIME AND COOPERATION!